

ASSEMBLY BILL

No. 1581

Introduced by Assembly Member Cogdill

February 21, 2003

An act to amend Section 11736 of the Insurance Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1581, as introduced, Cogdill. Workers' compensation: merit credits.

Existing law requires that every workers' compensation insurer set rates in accordance with a uniform experience rating plan that provides for using past insurance experience of the individual policyholder to forecast future losses, as specified. Existing law requires an experience rating plan to contain reasonable eligibility standards, provide adequate incentives for loss prevention, and provide for sufficient premium differentials so as to encourage safety.

This bill would require, in addition, that an experience rating plan include merit credits that decrease a policyholder's rates based upon its record of job safety.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11736 of the Insurance Code is
2 amended to read:
3 11736. An experience rating plan shall contain reasonable
4 eligibility standards, provide adequate incentives for loss

1 prevention, and shall provide for sufficient premium differentials
2 so as to encourage safety. *The experience rating plan shall include*
3 *merit credits that decrease a policyholder's rates based upon its*
4 *record of job safety.*

